

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California***

***United States Attorney  
Carol C. Lam***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - March 15, 2004

Steven M. Lash, former Chief Financial Officer and Executive Vice President of FPA Medical Management, Inc. ("FPA"), a bankrupt La Jolla-based physician practice management company, was today sentenced by the Hon. Marilyn L. Huff to 51 months in custody, followed by three years of supervised release, for his role in operating a scheme to defraud FPA and its shareholders, as well as a scheme to defraud FPA's lenders by means of accounting misrepresentations. Lash was also ordered to pay restitution to victims in the amount of \$36.4 million.

On October 23, 2003, a jury had convicted Lash of six counts of wire fraud and one count of mail fraud in connection with his role as CFO at FPA (a company that reported gross income for year-end 1997 of over one billion dollars), which filed for bankruptcy in July of 1998, four months after reporting record earnings for an eighth consecutive quarter. He was also convicted in one bank fraud count of defrauding FPA's lenders, BankBoston (now known as Fleet National Bank) and other financial institutions, of loan proceeds that he used to perpetuate his scheme to defraud his employer.

According to Assistant United States Attorneys Stephen P. Clark and Kevin J. Kelly, who prosecuted the case, Lash was found guilty at trial of making, and causing others to make, false representations and omitting material facts concerning FPA's financial condition and performance, specifically with respect to its earnings and cash flow. Among the recipients of the false information were the investing public, the Securities and Exchange Commission, investment bankers and Wall Street analysts, financial institutions, acquisition targets, the company's board of directors, and the firm's auditors. The jury found, among other things, that Lash inflated artificially the company's reported earnings and that he intentionally misrepresented that FPA had positive cash flow from its operations exclusive of one-time costs associated with acquisitions of other companies.

United States Attorney Lam stated, "Corporate officers who use their positions to commit massive frauds are being held accountable, and Steven Lash is no exception."

The case was investigated by the Federal Bureau of Investigation.

## **DEFENDANT**

Steven Mark Lash

## **SUMMARY OF CHARGES**

Title 18, U.S.C., Secs. 1343 and 1346 – Wire Fraud

Maximum penalty per count: thirty years; fine of \$250,000 (or twice the gain)

Title 18, U.S.C., Secs. 1341 and 1346 – Mail Fraud

Maximum penalty per count: thirty years; fine of \$250,000 (or twice the gain)

Title 18, U.S.C., Secs. 1344 – Bank Fraud

Maximum penalty per count: thirty years; fine of \$1,000,000

## **AGENCY**

Federal Bureau of Investigation